

WATER/ABJ/HJL:jlj**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA****WATER DIVISION
Water Branch****RESOLUTION NO. W-4434
October 30, 2003****R E S O L U T I O N**

**(RES. W-4434), CALIFORNIA WATER SERVICE COMPANY (CWSC),
MID-PENINSULA DISTRICT. ORDER AUTHORIZING AN OFFSET
RATE INCREASE PRODUCING ADDITIONAL ANNUAL REVENUES
OF \$1,832,100 OR 9.7% FOR INCREASES IN THE COST OF
PURCHASED WATER.**

SUMMARY

By Advice Letter No. 1550, filed June 24, 2003, CWSC seeks revision of tariff schedule MID-1, General Metered Service, to provide for an increase in revenues. This resolution grants CWSC's request for authority to increase rates by \$1,832,100 or 9.7% to offset purchased water rates increased by San Francisco Water Department (SFWD). This increase is a result of increased costs for purchased water since CWSC's present rates became effective July 25, 2000. The offset rate increase will not result in a rate of return greater than last authorized for CWSC.

BACKGROUND

CWSC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to offset: (1) a \$1,830,600 increase in purchased water costs, and (2) \$1,500 in related increases in uncollectibles and franchise taxes. The higher costs for purchased water was imposed on CWSC by the SFWD regulated by the San Francisco Public Utilities Commission, effective July 1, 2003.

CWSC's Mid-Peninsula District serves approximately 35,250 metered customers in the cities of San Carlos, San Mateo, and vicinity in the County of San Mateo. The present rates for CWSC became effective July 25, 2000, by Res. W-4209, Advice Letter No. 1481, which authorized an offset for purchased water expense increases in the Mid-Peninsula District.

DISCUSSION

The offset increases requested herein are for the purpose of recovering in rates, on a dollar-for-dollar basis, changes in expenses that have occurred since the present rates became effective. This rate increase will not result in a return greater than that previously authorized.

The reason for the above changes is as follows: SFWD increased its suburban wholesale purchased water rates effective July 1, 2003, from \$0.88/Ccf (One Ccf is equal to one-hundred cubic feet) to \$1.10/Ccf and connection charges increased a similar percentage. This increase results in a \$1,832,100 increase in purchased water costs for CWSC.

The increases in SFWD's purchased water cost are directly related to water consumption and therefore the associated rate increase for CWSC shall be applied to the quantity rates. In order to recover the higher costs, CWSC will increase its quantity charge by \$0.2456/Ccf. The monthly bill for an average residential customer utilizing 1,300 cubic feet of water per month would increase by \$3.24 from \$31.76 to \$35.00, or 10.2%.

Service by CWSC is satisfactory. There are no Commission orders requiring system improvements nor are there any service problems requiring corrective action. CWSC is currently earning 8.12% on a recorded basis and 7.87% on a pro-forma basis, which do not exceed its last authorized rate of return of 8.90% pursuant to Commission Decision No. 03-09-021, dated September 4, 2003.

NOTICE AND PROTESTS

CWSC has given public notice of the request for an increase by publishing in a local newspaper of wide circulation in the Mid-Peninsula District as evidenced by a Proof of Publication provided to the Water Branch by the utility. No protests letters were received concerning the proposed offset increase.

FINDINGS

1. Effective July 1, 2003, SFWD increased its wholesale purchased water rates from \$0.88/Ccf to \$1.10/Ccf.
2. SFWD's increase in rates resulted in a \$1,830,600 increase in purchased water costs, and a \$1,500 increase in uncollectibles and franchise taxes for CWSC.
3. CWSC has requested to increase its quantity charge by \$0.2456/Ccf to offset the \$1,832,100 in increased costs for purchased water and related increases to uncollectibles and franchise taxes.
4. The Commission finds, after investigation by the Water Division, that the changes hereby authorized are justified and the resulting rates are just and reasonable.

THEREFORE IT IS ORDERED THAT:

1. California Water Service Company is authorized, to make effective revised Schedule No. MID-1, General Metered Service, attached to Advice Letter No. 1550, and to cancel the

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corresponding presently effective rate schedule. The effective date of the revised rate schedule shall be five days after the date of this resolution.

2. California Water Service Company is directed to maintain its balancing account as required by Public Utilities Code Section 792.5.
3. This resolution is effective today.

I hereby certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on October 30, 2003; the following Commissioners approved it:

WILLIAM AHERN
Executive Director